Manitoba

Preliminary Financial Report

Hon. Clayton Manness — Minister of Finance

For the Year Ended March 31, 1992

MG-5333

92-07841/

PROVINCE OF MANITOBA
NOTES TO THE PRELIMINARY UNAUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1992

The following financial statements have been prepared by the Department of Finance and have not been audited by the Provincial Auditor. The amounts reported represent the most current data available and it is anticipated that they will remain largely unchanged when final statements are prepared for the fiscal year.

The financial results of the fiscal year have been prepared on a basis consistent with the accounting policies of the Provincial Government which are detailed in the Public Accounts. The comparative data shown for the 1990-91 fiscal year has been recast to reflect the organizational structure of Departments as established in the 1991-92 Estimates.

The deficit for the year was $332.8 million, $15.4 million lower than the deficit level projected in the third quarter financial report issued in March, and $8.8 million greater than the Budget Estimate of $324.0 million. Total expenditures for the year were $5,269.5 million, $28.0 million higher than the Budget Estimate of $5,241.5 million. Total revenue, after the transfer of $30.0 million to the Fiscal Stabilization Fund, was $4,936.7 million. The status of the Fiscal Stabilization Fund as at March 31, 1992 can be found on page 9 of this report.

1991-92 EXPENDITURE AUTHORITY

The estimated figures shown on the Statement of Expenditure include only the authority provided in the Main Estimates. In addition, $76.0 million was authorized by Special Warrant during the fiscal year and Statutory Appropriations were reduced by $67.1 million due to a decrease in requirements, resulting in an $8.9 million increase in fiscal year authority to $5,250.4 million.

	(millions of dollars)
Main Estimates	5,241.5
Special Warrants	76.0
Net Decrease in Statutory Appropriations	(67.1)
Total Expenditure Authority	5,250.4
Total Expenditure (Excluding extraordinary expenditure)	5,231.9
Total Expenditure Authority Lapsed	18.5

Supplementary funds were approved by Special Warrant to meet increased costs in agricultural support programs - $19.7 million (Gross Revenue Income Program - $10.4 million and the Net Income Stabilization Account - $9.3 million), income maintenance programs - $22.0 million, education programs - $4.4 million, Emergency Expenditures - $3.7 million, the construction of the new Remand Centre - $3.6 million, payments to the Manitoba Housing and Renewal Corporation - $3.4 million, the highways maintenance program - $3.1 million, the Home Care Assistance Program - $3.0 million and various other departmental requirements.

In 1991-92, agreement was reached with the Federal Government regarding Manitoba's contribution under the 1988 Canadian Crop Drought Assistance Program. This extraordinary expenditure of $37.7 million is shown separately on the Statement of Expenditure on page 4.

EXTRAORDINARY REVENUE

Total revenue for the 1991-92 fiscal year includes two extraordinary items that result from the settlement of liabilities previously assumed by the Province.

The Province's liability for foreign currency fluctuations on Manitoba Hydro Debt, as previously established under the Energy Rate Stabilization Act, has been settled by agreement whereby Manitoba Hydro has assumed this liability in exchange for a lump-sum payment from the Province. The Province's gain from this settlement is $84.2 million.

Management and the Board of Directors of the Manitoba Public Insurance Corporation (MPIC) have concluded that the General Insurance Division of the Corporation has the capability to fund the losses of the discontinued Reinsurance Assumed operation and they have accordingly released the Province from its future funding obligation. Therefore, the Province's liability for these losses, previously recorded at March 31, 1988, has been extinguished by a transfer to revenue of $32.2 million as an extraordinary item.

BORROWING ACTIVITY

The borrowing requirement for the 1991-92 fiscal year was estimated to be $2 billion. This amount included $365 million for refinancing maturing debt issues.

For the year ended March 31, 1992, $2,354 million was borrowed of which $12 million was from the Government of Canada, $104 million was from the Canada Pension Plan Investment Fund, $380 million was raised through the issue of Manitoba Hydro Savings Bonds, with the remainder being raised in public markets

PROVINCE OF MANITOBA
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 1992
(with comparative figures for March 31, 1991)
(UNAUDITED)

1990-91	1991-92	INCREASE (DECREASE)		1991-92 ACTUAL	1991-92 ESTIMATED	1991-92 VARIANCE
	(thousands of dollars)				(thousands of dollars)	
5,036,797	5,269,547	232,750	Total Expenditure - Schedule I	5,269,547	5,241,453	28,094
4,745,203	4,936,715	191,512	Less: Total Revenue - Schedule II	4,936,715	4,917,475	19,240
291,594	332,832	41,238	Deficit	332,832	323,978	8,854

NOTE 1: Total Expenditure for 1991-92 of $5,269.5 million includes $303.8 million of expenditures related to capital items (1990-91 - $311.7 million).

PROVINCE OF MANITOBA
STATEMENT OF EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 1992
(with comparative figures for March 31, 1991)
(UNAUDITED)

SCHEDULE I

1990–91	1991–92	INCREASE (DECREASE)		1991–92 ACTUAL	1991–92 ESTIMATED	1991–92 VARIANCE
(thousands of dollars)				(thousands of dollars)		
18,736	13,265	(5,471)	Legislation	13,265	13,711	(446)
2,940	2,840	(100)	Executive Council	2,840	3,184	(344)
96,563	138,485	41,922	Agriculture	138,485	117,280	21,205
4,658	4,531	(127)	Civil Service	4,531	4,590	(59)
4,883	4,970	87	Community Support Programs	4,970	5,013	(43)
8,902	9,195	293	Consumer and Corporate Affairs	9,195	8,884	311
59,614	53,394	(6,220)	Culture, Heritage and Citizenship	53,394	54,218	(824)
934,324	956,216	21,892	Education and Training	956,216	958,415	(2,199)
69,789	77,637	7,848	Employee Benefits and Other Payments	77,637	78,713	(1,076)
12,073	12,102	29	Energy and Mines	12,102	10,813	1,289
12,994	15,334	2,340	Environment	15,334	14,173	1,161
535,435	588,568	53,133	Family Services	588,568	572,273	16,295
706,028	699,127	(6,901)	Finance	699,127	769,875	(70,748)
12,798	4,030	(8,768)	Fitness and Sport	4,030	4,054	(24)
140,898	152,898	12,000	Government Services	152,898	150,958	1,940
1,645,010	1,737,314	92,304	Health	1,737,314	1,761,785	(24,471)
235,627	228,206	(7,421)	Highways and Transportation	228,206	230,634	(2,428)
51,357	50,720	(637)	Housing	50,720	51,936	(1,216)
37,574	36,443	(1,131)	Industry, Trade and Tourism	36,443	42,717	(6,274)
154,803	160,015	5,212	Justice	160,015	160,072	(57)
16,865	17,363	498	Labour	17,363	17,775	(412)
96,031	89,840	(6,191)	Natural Resources	89,840	88,813	1,027
19,612	24,711	5,099	Northern Affairs	24,711	17,787	6,924
61,604	64,272	2,668	Rural Development	64,272	66,716	(2,444)
258	281	23	Seniors Directorate	281	282	(1)
908	777	(131)	Status of Women	777	813	(36)
76,283	67,972	(8,311)	Urban Affairs	67,972	69,599	(1,627)
4,486	7,276	2,790	Allowance for Losses and Expenditures Incurred by Crown Corporations and Other Provincial Entities	7,276	7,700	(424)
–	–	–	Decentralization	–	3,716	(3,716)
14,688	13,047	(1,641)	Emergency Expenditures	13,047	10,000	3,047
1,056	1,062	6	Environmental Innovations Fund	1,062	1,371	(309)
–	–	–	Internal Reform, Workforce Adjustment and General Salary Increases	–	1,583	(1,583)
–	–	–	Government-Labour Sponsored Employee Ownership Fund	–	2,000	(2,000)
–	–	–	Year End Savings	–	(60,000)	60,000
5,036,797	5,231,891	195,094	TOTAL BEFORE EXTRAORDINARY EXPENDITURE	5,231,891	5,241,453	(9,562)
–	37,656	37,656	Extraordinary Expenditure: 1988 Canadian Crop Drought Assistance Program	37,656	–	37,656
5,036,797	5,269,547	232,750	TOTAL EXPENDITURE	5,269,547	5,241,453	28,094

PROVINCE OF MANITOBA
STATEMENT OF REVENUE
FOR THE YEAR ENDED MARCH 31, 1992
(with comparative figures for March 31, 1991)
(UNAUDITED)

SCHEDULE II

1990-91	1991-92	INCREASE (DECREASE)		1991-92 ACTUAL	1991-92 ESTIMATED	1991-92 VARIANCE
(thousands of dollars)				(thousands of dollars)		
			TAXATION:			
			Consumer and Corporate Affairs			
24,472	24,979	507	-Insurance Corporations Tax	24,979	24,300	679
			Energy and Mines			
7,735	5,746	(1,989)	-Oil and Natural Gas Tax	5,746	5,383	363
			Justice			
8,998	9,140	142	-Land Transfer Tax	9,140	9,300	(160)
			Finance			
			-Canada-Manitoba Income Tax Collection Agreement			
78,443	96,366	17,923	-Corporation Income Tax	96,366	91,400	4,966
1,149,447	1,221,409	71,962	-Individual Income Tax	1,221,409	1,211,100	10,309
75,426	77,954	2,528	-Corporation Capital Tax	77,954	79,000	(1,046)
124,925	139,024	14,099	-Gasoline Tax	139,024	139,900	(876)
186,487	188,742	2,255	-Levy for Health and Education	188,742	190,000	(1,258)
48,738	23,414	(25,324)	-Mining Tax	23,414	38,000	(14,586)
61,873	64,983	3,110	-Motive Fuel Tax	64,983	65,400	(417)
4,872	4,110	(762)	-Pari Mutuel Tax	4,110	5,000	(890)
605,952	566,418	(39,534)	-Retail Sales Tax	566,418	610,000	(43,582)
50,109	51,070	961	-Revenue Act, 1964, Part I	51,070	52,000	(930)
116,109	129,861	13,752	-Tobacco Tax	129,861	129,800	61
9,978	(292)	(10,270)	-Reciprocal Taxation	(292)	-	(292)
1,430	1,598	168	-Environmental Protection Tax	1,598	1,800	(202)
173	126	(47)	-Other Taxes	126	131	(5)
2,555,167	2,604,648	49,481		2,604,648	2,652,514	(47,866)
			OTHER REVENUE:			
11,908	7,792	(4,116)	Agriculture	7,792	5,974	1,818
8,361	8,122	(239)	Consumer and Corporate Affairs	8,122	7,583	539
14,178	13,620	(558)	Education and Training	13,620	13,141	479
5,464	5,006	(458)	Energy and Mines	5,006	4,440	566
6,110	8,037	1,927	Family Services	8,037	7,026	1,011
17,433	6,535	(10,898)	Finance	6,535	4,548	1,987
45,750	51,000	5,250	Highways and Transportation	51,000	49,173	1,827
24,393	25,914	1,521	Justice	25,914	27,628	(1,714)
8,377	8,684	307	Labour	8,684	8,817	(133)
48,808	51,541	2,733	Natural Resources	51,541	57,143	(5,602)
135,559	140,882	5,323	Liquor Control Commission	140,882	145,100	(4,218)
57,527	45,625	(11,902)	Lottery Revenue Transfer	45,625	51,832	(6,207)
19,554	20,401	847	Other	20,401	20,308	93
403,422	393,159	(10,263)		393,159	402,713	(9,554)

1990–91	1991–92	INCREASE (DECREASE)		1991–92 ACTUAL	1991–92 ESTIMATED	1991–92 VARIANCE
(thousands of dollars)				(thousands of dollars)		
			GOVERNMENT OF CANADA:			
30,155	26,304	(3,851)	Education and Training	26,304	23,805	2,499
241,530	265,994	24,464	Family Services	265,994	257,621	8,373
16,288	16,877	589	Health	16,877	14,973	1,904
12,244	11,719	(525)	Justice	11,719	11,666	53
8,023	4,731	(3,292)	Other	4,731	7,250	(2,519)
			Finance:			
970,344	1,052,083	81,739	-Equalization	1,052,083	994,700	57,383
406,229	441,447	35,218	-Established Programs Cash Transfer	441,447	395,000	46,447
2,218	2,218	–	-Government of Canada Subsidy	2,218	2,200	18
1,687,031	1,821,373	134,342		1,821,373	1,707,215	114,158
4,645,620	4,819,180	173,560	TOTAL CURRENT OPERATING PROGRAMS	4,819,180	4,762,442	56,738
			REVENUE RELATED TO CAPITAL:			
			OTHER REVENUE:			
171	–	(171)	Government Services	–	–	–
881	1,170	289	Highways and Transportation	1,170	500	670
1,220	806	(414)	Natural Resources	806	980	(174)
–	–	–	Northern Affairs	–	50	(50)
1,743	1,238	(505)	Urban Affairs	1,238	665	573
20,024	3,292	(16,732)	Sale of Government Assets	3,292	2,000	1,292
24,039	6,506	(17,533)		6,506	4,195	2,311
			GOVERNMENT OF CANADA:			
3,722	1,081	(2,641)	Highways and Transportation	1,081	1,425	(344)
2,566	2,264	(302)	Industry, Trade and Tourism	2,264	3,107	(843)
2,006	1,276	(730)	Other	1,276	1,306	(30)
8,294	4,621	(3,673)		4,621	5,838	(1,217)
32,333	11,127	(21,206)	TOTAL REVENUE RELATED TO CAPITAL	11,127	10,033	1,094

1990–91	1991–92	INCREASE (DECREASE)		1991–92 ACTUAL	1991–92 ESTIMATED	1991–92 VARIANCE
(thousands of dollars)				(thousands of dollars)		
4,677,953	4,830,307	152,354	TOTAL REVENUE BEFORE TRANSFERS FROM THE FISCAL STABILIZATION FUND AND LOTTERY REVENUES	4,830,307	4,772,475	57,832
67,250	(30,000)	(97,250)	Transfer from (to) Fiscal Stabilization Fund	(30,000)	125,000	(155,000)
–	20,000	20,000	Transfer from Lottery Revenues	20,000	20,000	–
4,745,203	4,820,307	75,104	TOTAL BEFORE EXTRAORDINARY REVENUE	4,820,307	4,917,475	(97,168)
			Extraordinary Revenue:			
–	84,215	84,215	-Manitoba Hydro Foreign Exchange (ERSA)	84,215	–	84,215
–	32,193	32,193	-Manitoba Public Insurance Corporation Reinsurance Losses Cancellation of Liability	32,193	–	32,193
4,745,203	4,936,715	191,512	TOTAL REVENUE	4,936,715	4,917,475	19,240

PROVINCE OF MANITOBA
STATEMENT OF VALUATION AND PURPOSE OF
DIRECT AND GUARANTEED DEBT OUTSTANDING
MARCH 31, 1992
(with comparative figures for March 31, 1991)
(thousands of dollars)

Canadian Dollar Equivalent at Date of Issue March 31/92	Canadian Dollar Equivalent at Date of Issue March 31/91	Increase (Decrease) March 31/92 over March 31/91		Canadian Dollar Valuation (Note 1) March 31/92	Canadian Dollar Valuation (Note 1) March 31/91	Increase (Decrease) March 31/92 over March 31/91
			Direct Debt Payable in:			
5,525,539	4,915,510	610,029	Canadian Dollars	5,525,539	4,915,510	610,029
			Foreign Issues Swapped			
1,682,693	1,787,493	(104,800)	to Canadian Dollars	1,705,842	1,803,833	(97,991)
4,539,847	3,438,918	1,100,929	U.S. Dollars	4,549,530	3,327,499	1,222,031
			Foreign Issues Swapped			
1,134,274	1,161,621	(27,347)	to U.S. Dollars	1,222,181	1,225,294	(3,113)
2,825	5,651	(2,826)	Swiss Francs	3,942	8,012	(4,070)
–	108,380	(108,380)	Japanese Yen	–	176,290	(176,290)
12,885,178	11,417,573	1,467,605	Total Direct Debt	13,007,034	11,456,438	1,550,596
			Guaranteed Debt Payable in:			
1,372,334	1,258,044	114,290	Canadian Dollars	1,372,334	1,258,044	114,290
			Foreign Issues Swapped			
–	54,280	(54,280)	to Canadian Dollars	–	59,816	(59,816)
245,505	688,552	(443,047)	U.S. Dollars	291,526	805,297	(513,771)
1,617,839	2,000,876	(383,037)	Total Guaranteed Debt	1,663,860	2,123,157	(459,297)
14,503,017	13,418,449	1,084,568	Total Direct and Guaranteed Debt	14,670,894	13,579,595	1,091,299
2,842,673	2,537,904	304,769	Less: Sinking Fund Investments	2,842,673	2,537,904	304,769
11,660,344	10,880,545	779,799	Net Direct and Guaranteed Debt (2)	11,828,221	11,041,691	786,530

NOTE 1: The Canadian Dollar Valuation is calculated using the foreign currency exchange rates in effect at March 31, 1992 and March 31, 1991 adjusted for any foreign currency contracts entered into for settlement after these dates.

NOTE 2: The above debt was issued for the following purposes:

	March 31, 1992 (in thousands)	March 31, 1992 (per capita)	March 31, 1991 (in thousands)	March 31, 1991 (per capita)
General Government Programs (3)	5,294,628	4,830	5,248,144	4,816
The Manitoba Hydro-Electric Board	4,979,204	4,542	4,319,648	3,963
Other	1,554,389	1,418	1,473,899	1,352
	11,828,221	10,790	11,041,691	10,131

NOTE 3: Includes $364 million of cumulative redeemable 9 1/4% preferred shares issued by Manitoba Properties Inc., which are guaranteed by the Province. Consolidation with the Provincial Accounts would require Manitoba Properties Inc. debt be reclassified as Direct Province of Manitoba debt.

NOTE 4: Per capita data is based upon population figures at June 1, 1991 and June 1, 1990 as reported by Statistics Canada.

PROVINCE OF MANITOBA
STATEMENT OF THE FISCAL STABILIZATION FUND
FOR THE YEAR ENDED MARCH 31, 1992
(with comparative figures for March 31, 1991)
(UNAUDITED)

	1991-92	1990-91
	(thousands of dollars)	
Cash on Deposit with the Minister of Finance, beginning of year	189,323	225,000
Receipts:		
-Interest Earnings	18,130	31,573
-Transfer from Consolidated Fund Revenue	30,000	17,750
	48,130	49,323
Withdrawals:		
-Transfer to Consolidated Fund Revenue	-	85,000
Cash on Deposit with the Minister of Finance, end of year	237,453	189,323
Preferred Shares of Repap Enterprises Inc.	77,639 (1)	77,639
	315,092	266,962

NOTE 1: The net proceeds from the sale of Manfor Ltd., which are represented by preferred shares in Repap Enterprises Inc., were transferred to the Fiscal Stabilization Fund in 1989-90 and will be retained in the Fund pending redemption in accordance with the terms of the divestiture agreement. Accordingly, this amount is not available for the purposes of the Fund until redemption occurs. The preferred shares have been recorded in the Fund at their expected redemption value.